3 Dividend Aristocrats to Boost Your Passive Income

Description

To become a Dividend Aristocrat in Canada, a company's market cap is typically over $300 million, it's listed on the **TSX**, and it's raised its dividends for the last five consecutive years. These are fundamentally strong companies that enjoy steady profit growth, thus allowing them to consistently increase dividends. Given their proven track record and healthy dividend yields, the following three Canadian Dividend Aristocrats could boost your passive income and strengthen your portfolio.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) has raised its dividends at a compound annual growth rate (CAGR) of 10% for the last 27 years. Supported by a diversified and regulated asset base, the company has secured stable and reliable cash flows, allowing it to hike its dividends. With it's dividend payout representing 65% of its cash flows, these dividends are sustainable. Plus, 80% of the company's adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is inflation-indexed, which means it can pass on increased expenses to its customers.

Meanwhile, Enbridge is on track to deliver roughly $4.5 billion of projects this year, and has reiterated its 2022 guidance after reporting its second-quarter performance last week. The company's management expects to post an adjusted EBITDA of $15-$15.6 billion this year, representing a 9% growth from 2021.

Its financial position also looks healthy, with a liquidity of $6.9 billion. So, given its robust cash flows and healthy growth prospects, I believe Enbridge is well-equipped to increase its dividends in the coming years. With a quarterly dividend of $0.86/share, its yield for the next 12 months stands at a juicy 6.1%. That means investors will earn $6.1 in dividends for an investment of $100 in the company.

BCE

Second on my list is **BCE** (TSX:BCE)(NYSE:BCE), one of Canada's three leading telecommunication players. Telecom companies typically enjoy stable cash flows due to their recurring revenue.

Supported by robust cash flows, BCE has raised its dividends by over 5% annually for the last 14 years. It currently pays a quarterly dividend of $0.92/share, with its yield for the next 12 months at a handsome 5.78%.

Today, the company reported a solid second-quarter performance. Its revenue aligned with analysts' expectations at $5.86 billion, while its adjusted EPS (earnings per share) of $0.87 beat expectations by $0.03. The company credited this growth to its infrastructure investments and customer experience improvements.

Notably, BCE announced the commercial availability of 5G+ in Toronto and some parts of Southern Ontario. It expects to cover 40% of the Canadian population with 5G+ services by the end of this year. Besides, its high-speed broadband services, Wi-Fi 6E technology, and Fibe TV service could support further growth in the coming quarters.

Given its growth prospects, stable cash flows, and high dividend yield, I believe BCE is an excellent buy for income-seeking investors.

Algonquin Power & Utilities

My final pick is **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN), which has raised its dividends at a CAGR of over 10% for the previous 12 years. With a quarterly dividend of $0.2345/share, its yield for the next 12 months is a healthy 5.22%. The company's low-risk utility business and regulated power-producing facilities deliver stable cash flows, allowing it to consistently raise its dividends.

Additionally, the company plans to invest around $12.4 billion from 2022-26 to expand its utility and renewable assets while making strategic acquisitions. These investments could expand its rate base at a CAGR of 14.6% while growing its adjusted EPS at 7-9% per annum. So, I believe Algonquin Power & Utilities is an ideal buy for dividend lovers.

CATEGORY

1. Dividend Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:ENB (Enbridge Inc.)

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